Shreyas
Shipping and Logistics LTD

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BSE Scrip Code: 520151	**NSE Symbol: SHREYAS**

Dear Sir,

Sub: Transcript of Earnings Conference Call held on 17th February 2020

Please find enclosed herewith the transcript of the Earnings Conference Call held on 17th February 2020 for your record and reference.

Thanking you

Yours faithfully,
For **Shreyas Shipping & Logistics Limited**

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Nupur Burman
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"Shreyas Shipping and Logistics Limited Q3 FY 2020 Earnings Conference Call"

February 17, 2020

MANAGEMENT:	**CAPT. VIVEK KUMAR SINGH – MANAGING DIRECTOR, SHREYAS SHIPPING AND LOGISTICS LIMITED** **MR. RAJESH DESAI – CHIEF FINANCIAL OFFICER, SHREYAS SHIPPING AND LOGISTICS LIMITED**
MODERATOR:	**MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day. And welcome to Shreyas Shipping and Logistics Limited Q3 FY2020 Earnings Conference Call, hosted by PhillipCapital (India) Private Limited. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing and "*" then "0" on your touchtone phone. I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital. Thank you and over to you, sir.

Vikram Suryavanshi: Thank you, Inba. Good morning and very warm welcome to everyone. Thank you for being on the call of Shreyas Shipping and Logistics Limited. From the management, we have with us Capt. Vivek Kumar Singh – Managing Director; Mr. Rajesh Desai – Chief Financial Officer. Kindly note, this conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Now, I hand over the call to the management for their opening comments, then we will have questions and answer session. Over to you, sir.

Vivek Kumar Singh: Good morning, everyone. Welcome to today's earnings conference call for the third quarter and nine months of the financial year ended 2020. I hope you had a chance to review our financial statements and earnings presentation, which have been made available on the exchanges and our website.

Let me first start by giving a brief highlight about the global container industry. The Howe Robinson Container Index increased by 28% from the start of the year 2019 from the level of 600 points to close at 770 points at the end of the year. During the year, container ship fleet grew by 3.9%. In order to implement IMO regulation of low sulphur fuel from 1st January 2020, industry was getting prepared either by installation of scrubber on boats or preparation of fuel tanks to accept low sulphur fuel. As a beginning of January 2020, 382 container ships of 3.3 million TEUs fitted with the scrubber, equivalent to 14.2% of total container ship fleet capacity.

Before we dive into the financial of highlights, we would like to take you all through to some interesting aspects on how domestic course to shipping is expected to shape up in the upcoming future. India has a coastline of more than 7,500 kilometer long interest; it is split with more than 200 ports. Most cargo ships that sail between East Asia, America, Europe and Africa pass through Indian territorial waters.

At present, 60% of the cargo is moved by roadways, 33% by railways and only 6% of the total coastal domestic cargo is moved via coastal shipping, which is significantly lower than the international standards. Countries like Japan and China have 5x to 7x higher share than what we have, whereas the cost of moving cargo is the lowest in coastal shipping, which is Rs. 0.6 to Rs. 1.25 per tonne kilometer.

Further on, diesel fuel can move around Rs. 24 tonne per kilometer on road, at Rs. 85 tonnes per kilometer on rail and Rs. 115 tonne per kilometer on waterways. So there's clearly a huge opportunity for coastal shipping in India. The Indian Government has been concurrently taking various initiatives to improve domestic coastal shipping, which will also boost the country's economic in India and is expected to increase this year to 15% by 2025.

Initiatives like Sagar Mala and Bharat Mala are the primary driving forces for the economic growth. Government's studies on the Sagar Mala show that significant savings can be achieved through reduction in transit time and earn Rs. 50 billion to Rs. 60 billion per annum in inventory cost, and a shift in model to rail and waterways from roads could save on Rs. 300 billion to Rs. 340 billion per annum of the fuel important bill. Having said that, Shreyas being the market leader in coastal shipping would be a direct beneficiary of these initiatives.

Now moving on to standalone financial highlights for the third quarter. The operational revenue stood at INR 153 crores, which degrew marginally by 2.8% as against the corresponding period last year. Operational EBITDA was reported at the INR 17.2 crores, resembling a 30% growth from last quarter. PAT stood at INR 8.9 crores, an increase by 58% from last quarter.

Coming to the standalone year-to-date financial highlights, the operational revenues stood at INR 454 crores, a marginal decline against last year. Operational EBITDA stood at INR37.9 crores, and the PAT was around INR 13 crores.

During the quarter, our total fleet size was at 13 vessels with a total capacity of 24,519 TEUs, and total dead weight of 336,573 metric tonnes. The company operated a total of 14 verticals, including chartered vessels. Total voyage operating days during the quarter was 984 days as against 1,015 days in the previous quarter. SSL Mumbai, SSL Gujarat and SSL Chennai continues to be on charter and Asiatic Dawn was chartered in mainly for East Coast operations.

Vessels were chartered out for 2,304 days as compared to 2,736 days in the previous quarter, and chartered in 92 days against 95 days in the previous quarter. SSL Sabaramali was fully deployed for breakbulk business and as SSL Balaji was deployed partially for breakbulk business during the quarter. Also, no vessels during the quarter were dry docked.

The average bunker rate for the quarter was INR 30,050 per metric tonne compared to INR32,600 per metric tonne in the previous quarter, which resulted in fuel cost decrease by INR7.49 crores.

Total volumes handled during the quarter were 110,246 TEUs as against 115,324 TEUs in the previous quarter. On the domestic cargo front, the company maintained its market share of 50%. Domestic volumes decreased by 4% against previous quarter. Overall utilization level on all our services from north to south and west to east remains at the level of around 89%. And on the reverse lake was around 56%.

During the quarter, during continuation of Colombo called on fix to service in place of EPA service to provide new trade lanes. The company of has continued for slots share arrangement with other feeder operators on East Coast operations to rationalize our tonnage for trade realization on Calcutta-Krishnapatnam trade lane. The company is also working closely with few main lines and expect to achieve growth in feeder volume increasing overall revenue.

Services have been realigned to reduce operating costs and provide required scheduled services to our customers, which can bring in additional volumes. Going forward, company has also commenced a shuttle service between Vizag and Calcutta for carriage of transshipment feeder cargo and to have strong presence in feeder market on the East Coast of India.

In addition, extension of ECX service to Chittagong will commence in the coming weeks, where both local cargo as well as transshipment cargo can be handled. This service will provide connectivity between India, East Coast ports with Chittagong port of Bangladesh, which will be the first of this kind. Later we can even handle domestic cargo for India's eastern states on this service.

The company also implemented IMO low sulphur regulations on all operating vessels from 1 Jan, 2020, and changed fuel from earlier high sulphur to low sulphur. The company is focusing to achieve better utilization of the rivers beds, where empty space are available to gainfully use the asset.

Thank you all for your kind presence. That's all from my side. We may now proceed with a question and answer session.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Anand Bhavnani from Unify Capital. Please go ahead.

Anand Bhavnani: I have several questions. The first is on volume. Q3 generally is a very good quarter for us, but this time around we have seen lower volumes year-on-year as well as sequentially as compared to Q2. So, why exactly has the volume fallen? Has it fallen in the domestic coastal shipping or has it fallen in EXIM? And if you can give us a split of volume for domestic as well as an EXIM in this quarter as compared to previous quarter.

Vivek Kumar Singh: Well, the volume details can be taken from our website. However, the decrease was mainly on the EXIM side. Because if you recall, we had stopped ECX service call at Colombo, and we reduced that service to call on the Eastern Indian ports only, while we did lose some volumes there, but surely the cost advantage was much higher. So, the volume reduction has not affected the overall profitability or the margins. Strategically decision was taken to stop the Colombo call and better to let go the volume which was not really paying as compared to the cost.

Anand Bhavnani: What would be the volume lost in TEUs for the quarter as we stopped the service?

Vivek Kumar Singh: That service we could have lost about 6000 TEUs for the quarter. Mainly the volume was from Colombo to Krishnapatnam and vice versa, both empty as well as laden and the freight rate was very low as compared to the cost of operating that leg of the service.

Anand Bhavnani: And we stopped this service in the middle of the quarter from beginning of the quarter itself?

Vivek Kumar Singh: Almost at the beginning of the quarter itself, we stopped.

Anand Bhavnani: Okay. Secondly, we have mentioned in the presentation as well as previously there was a news release, stating that we are planning to sell one of the vessels. If you can help us understand what exactly is the plan for the money that we have realized and what's the timeline for which we can expect this sale to happen?

Vivek Kumar Singh: It was a strategic decision to reduce some costs by taking out one of the vessels and preserving that for better utilization soon when the market stabilizes and comes down, that is what we expect. And this is a part of our change over plans from the older vessels to upgrade maybe when better opportunity comes in, till then we may operate the vessel on lease or charter so that the service does not get affected with regards to our requirement.

Anand Bhavnani: Any timeline, like would it say quarter or a couple of quarters, any timelines that you can give us by which we can expect this sale to get concluded? And importantly, if the sale gets concluded, would the money be immediately used to buy a new vessel or it could first be used to reduce debt?

Vivek Kumar Singh: No, it will be used temporarily for other purposes like for reducing the debt. But definitely, we will go for acquisition whenever better option comes in, as we have to increase the size of the vessel which we had already worked out and planned to upgrade the size from 1700 TEUs to 4000 TEU vessel. We will wait and as soon as we get some better opportunity depending on the market conditions, we will execute our plans.

Anand Bhavnani: Okay. Just wanted to understand, from the TEUs and scrappage rate of around $400 per tonne, is it fair to expect that the value of the sale could be around Rs. 55 crores to Rs. 60 crores?

Vivek Kumar Singh: No, it will be around $3.5 million as per the LDT of the vessel.

Anand Bhavnani: Can you repeat again, I didn’t understand.

Vivek Kumar Singh: The total value what we will get is around $3.5 million. That is in comparison with the current scrap price of the vessel, sale price of the vessel may be slightly better than the scrap price of the vessel. That's as per the prevailing scrap price market and depending on the LDT of the vessel,

Anand Bhavnani: Sure. I am just explaining you how I came to the number Rs. 55 crores odd, and you can correct me. So tonnage is 21,339 for SSL Kutch, and scrap rate is $400 per tonne. And if I use $70 as the exchange rate then I get a figure of Rs. 59 crores. So, I mean, where am I getting this wrong? When you say $3.5 million, you are indicating a value of around Rs. 32 crores. So, where am I getting this wrong?

Vivek Kumar Singh: No, this is worked on the LDT, light weight of the vessels not on the dead weight of the vessel. LDT of this vessel is about 8,300, so basically for the scrap only the LDT is considered.

Anand Bhavnani: Okay. And with regards to the new fuel norms. There were some media article indicating that the fuel availability is poor and the fuel rates are very high. What is the status as of today? Have we passed on the fuel hikes in both domestic and EXIM? And have we passed them completely or only partially?

Vivek Kumar Singh: Yes, initially there were some issues about availability of low Sulphur fuel in some of the ports, it was available on the western Indian ports but on the eastern side there were a few ports where it was not available. Slowly it has settled down and now there's no scarcity of fuel, low sulphur fuel is available all-around Indian coast and there is no shortage at all as already stabilized. Even the prices which went up initially because of the shortage of fuel both in the global market as well as in the Indian market. Now, it has stabilized and come down to as expected around $575 per tonne, where I think it will settle down which is the normal expected price range.

And we have passed on the cost to all feeder EXIM volume, and even for domestic we have passed on, but there is an effect of economic slowdown on the domestic market due to which the rates are varying and fluctuating. Low Sulphur cost has been passed to some extent even for domestic customers.

Anand Bhavnani: Okay. With regards to now volumes in Q4, as of now to Q4 is generally the best quarter for us. So with the current environment and as of now experience for the Q4, how are you seeing the business? And is there any negative effects from slow down and is there a potential for us to do the same volumes as we did in Q4 last year?

Vivek Kumar Singh: I don't think there is any negative, it is going as usual like any other Quarter, and certain additional seasonal volumes are carried as usual. EXIM, of course, there could be because of the global issues which are prevailing like the coronavirus effect which is yet to be seen. But that is something which is beyond our control. But otherwise, I don't see anything negative which can impact, even low Sulphur will settle down in due course of time. And I think we should be working out well in the coming quarters and settle down in one or two quarters. So, the only effect I can see a bit is due to the economic slowdown, otherwise, there's not much. The growth on the domestic volume during this year has been around 16% while earlier we were getting around 25% which could be due to impact of the economy slow down.

Anand Bhavnani: On bunker fuel rates average for Q3 was 30,000 and with $575 it comes to $40,000 for the low sulphur fuel. So, a hike of about 33%. Am I understanding it correct? The fuel cost will rise on a per tonne basis by 33% for us?

Vivek Kumar Singh: Yes, that will go up, fuel costs will go up by 33%. So, overall cost may go up by about 10% or so.

Anand Bhavnani: Okay. And I see that for Q3 port charges have increased significantly. So it's up by Rs. 3.5 crores, so what would be the reason for higher court charges?

Rajesh Desai: Basically, in the last quarter we had done more long haul international breakbulk business. So basically because of bulk operation the port cost was a little higher.

Anand Bhavnani: So, this increase in cost, would you be continuing this breakbulk operations at the same rate and is this a new kind of level at which the port cost would sustain or can they come back down again?

Rajesh Desai: No, it will come back down definitely, because now only one vessel will be operated on breakbulk and one vessel has already been put back into our container business. So, definitely the port cost will come down.

Anand Bhavnani: Okay. So Q4 should see this implement in port cost, is it?

Rajesh Desai: We are expecting improvement in port cost in Q4.

Moderator: Thank you. The next question is from the line of Prit Nagersheth from Wealth Finvisor. Please go ahead.

Prit Nagersheth: Yes. See, my question is that the margin profile of some of the other competitors was better, even though it may be on a lower base, but clearly the profile is better. So what I want to understand is on the domestic side what are the steps that you would have to take to increase your margin profile?

Vivek Kumar Singh: Well, this could be one of the competitor you are talking about who may be having some other businesses along with the domestic business, could be businesses like railway business or some other business along with that which could have an effect. Otherwise, I don't see pure on the domestic sector, that too on the West Coast of India or East Coast of India, where we are operating has got much different margin. There could be a margin differential on the other sector which the other competitor is operating standalone.

Prit Nagersheth: I was listening to the shipping sector specific. So, I think the margin profile just for that specific segment is on the higher side, especially for the East side which is being carried upon. So we wanted to get your thoughts are there any strategies beyond there or how do you see that?

Vivek Kumar Singh: No, on the Eastern side, of course, there are some operator who are also doing domestic carriage on the Andaman and Nicobar where there is a better margin, and not much of competition. But on the Western side where most of the operators are there, they are all sharing more or less similar margins.

Prit Nagersheth: So, why is that East side more lucrative and how can we tap into that? Or are we tapping into that, can you shed some light on that?

Vivek Kumar Singh: We are already there at the other ports on the east side of the Indian coast as we cover all the ports on the East Coast of India, except for the Andaman. For operations to Andaman, basically smaller vessels are required, and we do not have such smaller vessel that is why we are not venturing there. Established operator who are there has got smaller older vessels. Infrastructure and volume is not enough to take care of more number of vessels call there.

Participant: Okay. So what do you see that there is not that level of growth available for you to deploy your existing fleets there? And hence that's an area that you are not looking to be venturing into?

Vivek Kumar Singh: Yes, we will venture at a suitable time when the infrastructure permits, and volume grows. Now we have already started expansion to Chittagong where we also expect to handle some domestic cargo for the eastern states. And we can also move into Port Blair and Andaman side once infrastructure improves in the near future.

Moderator: Thank you. Our next question is from the line of Hardik Soda from Cresita Investments. Please go ahead.

Vijay Sarda: Hello, sir. This is Vijay Sarda here from Cresita Investments. Sir, just wanted to understand two things, in terms of the volume that you said has gone down. So do you see some positivity in terms of the overall volume increase in terms of Bombay Coast, have we seen the impact of the crude fall in EXIM or we are yet to see the direct effect of bunker cost?

Vivek Kumar Singh: No, the volume reduction is not the effect of bunker cost as such, as bunker cost has gone up only in this quarter. The volume is surely expected to go up, because we have realigned the services where we are trying to increase the volume. And our focus is also on the reverse leg where our vessel's utilization level is low, so that with the existing services and existing tonnage itself, we can improve and increase the volume. So, going ahead, we will see an increase in the volume. We are going ahead with the new strategy to improve our volume as well as our utilization level on the reverse leg where it has been low all this while.

Vijay Sarda: Sir, in terms of bunker prices, with the fall in the crude prices and all that, have that impact we are able to retain or because of the pressure on the volume and all that we need to pass on the same impact to the customers?

Vivek Kumar Singh: No, we are trying to pass on to the customer the entire impact of the bunker price increase. So, we have a BAF system for the international volume and we pass on to the EXIM customers on the transshipment and liner volume. We even pass on to the domestic customers, but the effect of economic slowdown is on the domestic cargo as the volume is not growing to the extent which was expected, and which was growing earlier all this while. We expect that it may turn around again and will start having a growth, which will come in. And once the volume growth is there with existing tonnages, then the freight level can go up.

Vijay Sarda: Okay. Just last thing in terms of the overall pricing increase that we have taken during last two quarters. So, have you seen the full impact of the pricing pass on or we are yet to see that?

Vivek Kumar Singh: No, we have already seen that pricing impact has been passed on the EXIM customer side. Even on the domestic side, partially yes, we have passed on. And partially we are in process of passing on. This will surely stabilize in due course of time.

Moderator: Thank you. Our next question is from the line of Anand Bhavnani from Unify Capital. Please go ahead.

Anand Bhavnani: Sir, with regards to other expenses, they have come down sequentially by about Rs. 1.6 crores. But year-on-year they are up by about Rs. 3.5 crores. So, can you help us understand the change in other expense?

Rajesh Desai: The other expense mainly includes the exchange rates variation so that is not operational expenses as such. So, that will even fluctuate as per the rupee exchange rate. So that is one of the major factor if you see in the current year.

Anand Bhavnani: Okay. But in fact, in last year December quarter rupee was very volatile. So, it is because of effect, in fact, December 2018 should have been much higher. So can you give me the exact impact from FX versus other expenses split about this number, other expenses?

Rajesh Desai: Other expenses if you see, last year included the point to point services mainly RINL contract was there, so which is not there in current year. So there is a mixture of various expenses in that portion. So that we will have to just go, check in detail and then we can discuss

Anand Bhavnani: Okay. And you have mentioned that for the higher fuel costs EXIM we have passed on completely, domestic partly it has been passed and partly it will be done. So, the pass through, which is like 50% or is it like 80% or is it like 25%? Ballpark what has been the pass through in domestic and would you be able to do the entire pass through in this quarter itself or you will have to wait for Q1?

Rajesh Desai: As mentioned by captain, basically passing on is in process, that percentage and all that like something ballpark will be a little difficult to say because it varies from sector to sector, this passing on and all that. So, as we mentioned, we will be able to pass it on in due course.

Vivek Kumar Singh: As I said, it is very clear, we are already passing on for EXIM volume as well as for entire feeder volume from beginning of this quarter itself. As regards to even domestic, we have passed on. But the full price increase has not been passed on, partially has been passed on, partially we are in process. Which may take this quarter to stabilize, because the bunker prices has been fluctuating, virtually the passing on was done on the basis the expected price going up, to around $600 per tonne, while the actual increase was much higher in the beginning, hence has not been passed on entirely. But now the cost may settle down and we are very hopeful to pass on the current increase.

Anand Bhavnani: Captain, can you give us a sense, in your opening remarks you mentioned that the outlook for coastal shipping continues to offer considerable scope given the penetration and economics. The journey over the last couple of years, we just seem to be dealing with organic issues which are stumbling from one to the next. Is there anything meaningful that the company is trying to strategically to carve? As the market leader we have an opportunity and a responsibility to make a meaningful effort to drive change and acquire some portion of this macro opportunity. Can we step outside the discussion of operational detail and get into something at a strategic level if there is anything worthwhile discussing that you are doing in that area?

Vivek Kumar Singh: Yes, I can give you a brief on the strategic decisions which we have taken off late. And what we are trying to do, the market continues with its own ups and down depending on the market conditions. Maybe sometimes there will be economic slowdown, maybe sometimes the fuel cost go up, but definitely the whole intention is to grow the volume. If it is not growing in the areas where we expected, we are trying to grow it, elsewhere as we are focusing more on the eastern side, and that too on the reverse leg where our containers are coming empty and there is a cost for empty reposting which we are trying to convert into laden, whereby we can have better utilization level on the vessel and more volume coming up.

So, we are always looking at the new volume which is coming and new growth which we are trying to tap in. That's why we have been working very hard on the East Coast and we are trying to develop certain ports, certain cargo with long term tender processes. So, all those are in process. We have just started service to Chittagong where again there is a good scope of combining all the cargo like EXIM transshipment cargo, domestic cargo, and local export. So, there are all three types of cargo which can be combined in that service where we have a scope of growing in volume as well as the number. So the expansion plan is definitely on the eastern side, not only in the India Eastern side but also in the regional international side, starting with Chittagong, then future could be Yangon, and other areas in the eastern region.

So, we are also trying to club Port Blaire. With all this growth, coming up, we are trying to increase the volume. We are also trying to take advantage of economy of scale by increasing the sizes of the vessel in the future by acquisition of larger size of the vessel. If need be, we can even remove all the smaller size vessels which we have started doing. And there is a possibility that going forward, even government may allow a variable charter option whereby we need not even buy the vessel, we can take our vessels on the bareboat charter cum demise and operate these vessels, convert to Indian flag and operate on the coast.

So, with all these options coming up and with the fuel prices increasing definitely there is a demand for larger vessels to conserve and to operate in economies of scale. So, basically, the intention is to, one, reduce the cost of operation, and grow on all the areas where we are going light mainly on the reverse leg, because just increasing the size of the vessel and increasing tonnages, but going vacant on the reverse leg, will not work out very well. So, all these strategic decisions have been taken which will start showing up the result in the future.

The other thing which we are also working is the option of certain vessels being chartered out, certain vessels on operation, choose the best vessels for operation. All those options are continuously monitored so that all the strategic decisions are taken to overcome any challenges.

Of course, the growth is there, domestic growth even with the slowdown in the economy, during this year has been around 16%. And we expect with the different types of cargo we can have better growth further and we can have a better utilization and numbers.

Anand Bhavnani: How has the pricing environment been? The prices that you are realizing for domestic and for EXIM, has the pricing environment been good or is it a difficult environment, is it likely to remain so?

Vivek Kumar Singh: Well, in between purely on the domestic pricing environment, it was not good because of the excess supply of tonnage on the coast. But once the tonnage comes back to normal, which people have realized, and once the tonnage stabilizes as per the demand, then definitely the pricing will be better. Because of more tonnage and competition there was a pressure on the pricing on the domestic side. On the EXIM side pricing, I see that market was good during the year and it continues to be same. And as such, wherever we are operating, on the certain key feeder sectors we do not see much challenge. So, the prices are being maintained and we have aligned with other operators also to rationalize the tonnage and better frequency to customers. So, overall, I don't think the pressure is there on the pricing on the EXIM side. Even domestic it keeps fluctuating, sometimes there is pressure, sometimes it eases off again with the market condition, because the expected growth was not there this year in line with the previous years like 25% or so instead has been only just about 16% this year. So that is why it has given a little pressure. I think with growth in the other sectors, it will cover up and we will achieve required volume growth.

Anand Bhavnani: The government was talking about setting up jetties for domestic shippers, so you don't need to go into ports to pay customers each time. Is that operational?

Vivek Kumar Singh: No, that is operational only for the breakbulk only, for the barges and for the small breakbulk vessels. Not for the container trade, because container mainly we must call at the container terminals, which are all international container terminals where other international vessels are also calling. And that is why we do not have such facility from the government, but we continue to operate well without any issues on these terminals. And we do not have any such issues of even customs there, with ease of doing business I think we have overcome all the initial challenges.

Moderator: Thank you. We have a question from the line of Anand Bhavnani from Unify Capital. Please go ahead.

Anand Bhavnani: Sir, with regards to vessel sales, I think you have short listed SSL Kutch. But we have similar vintage vessels, SSL Kochi which is same year and same tonnage, and SSL Mumbai and SSL Gujarat as well which are similar TEUs. Any particular reason for selling this particular vessel?

Vivek Kumar Singh: The other vessels, like Gujarat and Mumbai are on charter, so we didn't want to sell them. As regards to other sister vessel of these two vessels, which is SSL Vishakhapatnam, is economical on fuel, we wanted to retain vessels which are economical on fuel and where we can save some costs. So the other option were only SSL Kochi and Kutch, and out of the two debt balance was less on Kutch hence the decision was in favor of Kutch.

Anand Bhavnani: Okay. And I see that for even our EBITDA at Rs. 38 crores, can you give us a broad split of beta from EXIM, domestic, Feedering, how much would you have of domestic cargo?

Vivek Kumar Singh: No, Anand, in our case basically it is not EBITDA from feeder or EBITDA from domestic, we normally do the operation like one side domestic, one side EXIM, as both complement each other. So the bifurcation will be a little difficult.

Anand Bhavnani: Okay. But now coming to the question which one of the previous caller asked of margins, our margin being weaker. So, if you were to see EXIM, we broadly had a good year. And if margins on the East Coast are good broadly and West Coast, there's some pressure still. We should have done a better margin than last year, last year we had also fewer challenges. So why is it that despite better fuel pricing our overall margin for nine months is down by 3% this year? Which is the area where we are getting hurt?

Vivek Kumar Singh: If you see during the first quarter, strategically we have reduced prices as per the market to increase the utilization as a result the first quarter we had less margin. The tonnage was more than the demand and in order to compete we had to reduce the prices. So if you see results of nine months, technically, the price was the issue in the first half.

Anand Bhavnani: First quarter itself?

Vivek Kumar Singh: Yes, first quarter itself. Second quarter we increased the price, even in the third quarter we tried to increase the price.

Anand Bhavnani: And currently, you mentioned that we need to get the pricing a bit more higher to cover the fuel cost. Do you see the prices staying at these levels or given the week demand environment we might have to revert the price hike that we have taken in Q2, Q3?

Vivek Kumar Singh: That will depend on the market conditions. So, we are only looking at that, even the economy can get a little better definitely and I think the pricing will get better in the near future.

Anand Bhavnani: Any updates on our joint venture there, the losses have come down sequentially. So any further updates that you can share apart from the number in the P&L?

Vivek Kumar Singh: On the joint venture, we are basically turning around. We have taken certain strategic decisions there also to curb all the businesses which are not profitable and with focus on our main core businesses which is giving us better retention. We are also focusing on reduction of cost in all aspects. And it has been turning around in the last few quarters and I feel that going forward we will have better contribution from even other companies and associate company.

Anand Bhavnani: Can we expect this to be profitable in Q4?

Vivek Kumar Singh: We are looking at a better result. I can't comment regarding the performance in Q4, as we are already in Q4. I can only say that we have taken certain strategic decisions and steps to curb all the loss making segments and do a better performance on our core business. That should result in a better performance, that is all I can tell you. But I can't tell you anything more.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now hand over the floor to Mr. Vikram Suryavanshi for closing comments. Over to you, sir.

Vikram Suryavanshi: We thank the management of Shreyas Shipping and Logistics for giving us an opportunity to host the call and taking time out for interacting with the stakeholders. Thank you all for being on the call.

Vivek Kumar Singh: Thank you, Vikram and all the participants.

Moderator: Thank you. Ladies and gentlemen, on behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.